GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:7856
ANSWERED ON:17.05.2002
WRITING OFF OF THE LOANS
ADHIR RANJAN CHOWDHURY;NEDURUMALLI JANARDHANA REDDY;SHYAMA SINGH

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have announced its decision to write-off the debt owed to it by the highly indebted poor countries;

(b) if so, the names of the highly indebted poor countries in the World to whom India have provided loans;

(c) the quantum of debt owed by those countries and under what terms and conditions of such loans were given; and

(d) the reasons for writing-off of such debts?

Answer

Minister of State in the Ministry of Finance (Shri Gingee N. Ramachandran)

(a) to (d): In response to the HIPC initiative started bythe International Monetary Fund (IMF) and the WorldBank (WB) to reduce the debt of Heavily Indebted Poorcountries (HIPCs) to sustainable levels, Government ofIndia`s decision to provide relief in respect of the bilateral debt owed to it by the HIPCs was announcedby the Finance Minister in his statement at the International Monetary and Financial Committee meeting held on April 20, 2002. Government of India is nowexamining the modalities of providing debt relief to these countries.

The names of the HIPCs and the quantum of debt owed by them to the Government of India are indicated below:

(As on 31.3.2002)

Sl.No.	Name of the country	Outstanding dues
1.	Tanzania	Rs.28.56 crore
2.	Mozambique	Rs.17.96 crore
3.	Zambia	Rs. 10.46 crore
4.	Uganda	US $ 4.396 million
5.	Nicaragua	Rs.18.42 crore
6.	Guyana	Rs.3.23 crore
7	Ghana	Rs.0.0094 crore
	TOTAL	Rs. 78.6394 crore + US $ 4.396 million

+ As on 30.6.2001

Lines of credit were given to these countries for financing the export of goods and services from India. Under the terms and conditions of the agreement, the Lines of Credit carried a 5% per annum rate of interest and the stipulated period of repayment was 12 years plus 3 years moratorium.

As regards the advantage to the Government for providing relief in respect of such debts, besides good-will of the recipient countries, benefits would depend on the renegotiated terms which are still to be negotiated after reconciliation.